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RUEHRG/AMCONSUL RECIFE 4084
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UNCLAS SECTION 01 OF 03 SAO PAULO 000225

SENSITIVE
SIPDIS

STATE FOR WHA/BSC, INR/IAA, INR/R/AA
STATE PASS USTR FOR KATE DUCKWORTH
NSC FOR TOMASULO
TREASURY FOR JHOEK
USDOC FOR 4332/ITA/MAC/WH/OLAC
USDOC ALSO FOR 3134/USFCS/OIO
DOL FOR ILAB
SOUTHCOM ALSO FOR POLAD
USAID FOR LAC/AA

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SUBJECT: All Politics is National: Presidential Race is Endgame of
New Sao Paulo Mayor's Race Alliance

REF: (A) SAO PAULO 142; (B) SAO PAULO 94

SUMMARY

¶1. (SBU) On April 24, the Sao Paulo State Executive Committee of the Brazilian Democratic Movement Party (PMDB) voted unanimously to support Sao Paulo incumbent Mayor Gilberto Kassab (Democratic Party - DEM) in this year's municipal elections. PMDB state president Orestes Quercia stated that national politics drove the decision. Quercia deems it essential to defeat the Lula/Workers' Party (PT) administration in 2010 and believes that an alliance with Kassab, a political protege of Sao Paulo Governor Jose Serra (Social Democracy Party of Brazil - PSDB), who is currently considered the frontrunner for president, sets them up to achieve that goal. However, the PMDB is a diffuse, fragmented entity in which regional "caciques" like Quercia have considerable autonomy, making the impact of this local alliance on the national PMDB, a major partner in President Lula's governing coalition, unclear. At the local level, the surprise announcement represents a serious disappointment to Mayor Kassab's two principal opponents, former Governor Geraldo Alckmin (PSDB) and Tourism Minister Marta Suplicy (PT), both of whom had avidly courted Quercia in pursuit of PMDB support. It also significantly increases Kassab's profile in the 2008 mayoral election and turns him from a definite third place finisher into a contender in his own right.
End Summary.

PMDB SUPPORT BRINGS TV TIME

¶2. (U) PMDB support of Kassab comes with a price. In return for the endorsement of Kassab, the Democratic Party pledged to support Quercia's 2010 bid for a Senate seat. The question of Kassab's running mate was left open to allow flexibility in negotiations

aimed at bringing Governor Serra's PSDB into the alliance. However, if he is unable to win over the PSDB, Kassab is expected to choose Quercia's PMDB designee, Alda Marco Antonio, to fill out the ticket.

13. (U) The PMDB, a major national party with a prestigious history, is not, by itself, an important force in Sao Paulo state or city politics. The party has only five of 70 state federal deputies, three of 94 state legislators, and two of 55 City Council members, and has not elected a Governor since 1990. Running as the party's gubernatorial candidate in 2006, Quercia garnered only 4.6 percent of the vote. The PMDB, however, does sometimes act as spoiler or kingmaker between the two major contenders, PT and PSDB, at the state and local level. Of particular importance to Kassab is the amount of television advertising time the PMDB can use in the upcoming elections. As the party that elected the largest number of federal deputies nationwide in 2006, the PMDB commands the largest bloc of free television and radio advertising time this year. A PMDB-DEM coalition will be entitled to almost eight minutes (out of a total of 25) of free advertising, afternoon and evening, three days a week during the 45-day advertising season (August-September) leading up to the elections. This is almost twice as much advertising time as either the PT or PSDB. Polls have consistently shown Kassab running third behind Alckmin (PSDB) and Suplicy (PT), both of whom are nationally known figures. Up to now, the Mayor has been considered a second-tier candidate. However, the alliance with the PMDB is a dramatic sign that Kassab has no intention of fading away. When added to the advantages of incumbency and control of the municipal apparatus, the free advertising time that comes with PMDB support makes Kassab a force to reckon with.

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ISOLATING THE OPPONENTS

14. (U) The PT had been negotiating aggressively for PMDB support for Marta Suplicy's candidacy and was evidently taken by surprise by the sudden shift. The PMDB is a partner in President Lula's governing coalition, holding six Cabinet positions, and the two parties are electoral allies this year in a number of major cities. PT national electoral strategy calls for strengthening state and local ties with the PMDB as a prelude to the 2010 election. The PT and Suplicy are now reduced to looking for support among several smaller parties. However, even the PT's natural ideological allies among the small, leftist parties are in doubt, as many are talking about running their own "Left Bloc" candidate.

15. (SBU) The real loser and victim in this affair, however, is Geraldo Alckmin. From the beginning (reftels), Alckmin has been running against the wishes of a significant portion of his own party. Led by Governor Serra, this faction prefers to maintain the traditional PSDB-DEM alliance by supporting Mayor Kassab's re-election. (Note: Serra was elected Mayor in 2004 with Kassab as his running mate. Kassab became Mayor in 2006 when Serra resigned to run for Governor. He kept much of Serra's team in place. End Note.) While numerous PSDB leaders, including Serra himself, have stated publicly that Alckmin will be their party's Mayoral candidate if he wants to be, it has become evident that their support for him will be grudging at best. Most political observers see the Quercia-Kassab alliance as a behind-the-scenes maneuver by Serra to isolate and demoralize Alckmin in the hopes of convincing him to give up his candidacy. However, Alckmin instead responded by reiterating his intention to run. Fernando Braga, an Alckmin advisor, acknowledged to Poloff that Mayor Kassab's new-found support will make Alckmin's task more difficult, but saw no sign that Alckmin was thinking of quitting. In a tumultuous May 5 meeting, the PSDB's local Executive Committee voted to nominate Alckmin, but a significant minority expressed vocal opposition and vowed to continue to push for the party to support Kassab and preserve the alliance with the DEMs.

QUERCIA EXPLAINS

¶16. (U) In a full-page interview published April 30 in Folha de S. Paulo, Orestes Quercia explained why, faced with a choice, he decided to unite the PMDB's forces with Mayor Kassab and the Democratic Party. "Above all I think the country needs to change the PT government. And today there's only one alternative to defeat the Lula government, and that is the [presidential] candidacy of Jose Serra. Since the municipal election has this objective of strengthening a presidential candidacy, I decided to take a position that would benefit the Democrats and their alliance with Serra." Like many others, Quercia believes that Alckmin should withdraw his Mayoral candidacy and run for Governor in 2010 with PSDB, DEM, and PMDB support. He believes Minas Gerais Governor Aécio Neves (PSDB) would not be as strong a presidential candidate as Serra, and is skeptical of rumors that Neves may switch to the PMDB. "The PMDB is a very divided party. It would be a very large risk for him." Quercia heaped scorn on Lula and the PT - "The government has to change because it doesn't have the competence to govern...it's just surfing on a wave" - and on his own party: "The PMDB doesn't participate in the process of the economy, of the government, nothing. It went chasing after positions [in the government], it

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became the party that only thinks about positions."

¶17. (SBU) Claudio Lembo, a DEM leader who served as Geraldo Alckmin's Lieutenant Governor, told Poloff that even though Quercia and the PMDB are not major players in Sao Paulo, the deal gives Mayor Kassab a big boost. "If Marta Suplicy had that TV time, she'd be almost impossible to beat, with her support from the masses," he said. Mayor Kassab, he said, lacks charisma and so far hasn't connected well with the voters, but he works hard and has a good record to run on, and the TV time will help him significantly. Lembo, who participated in the negotiations, said the real benefit of the alliance is to sew up Sao Paulo - Brazil's most populous state, with about 22 percent of the nation's voters - for Serra in 2010, if Kassab can win in Sao Paulo this year. Lembo also noted that the agreement exacerbates the split within the PSDB between the supporters of Alckmin's mayoral candidacy and those who want to support Kassab and preserve the PSDB-DEM alliance. He predicted that Alckmin will not abandon the race but that those who oppose his candidacy will keep the pressure on him and may openly challenge him at the party's convention in June, leading to a floor fight.

COMMENT

¶18. (SBU) It is not clear that the support of Quercia and the Sao Paulo PMDB for Kassab and thus for Serra's presidential bid will help Serra significantly or serve as a model for other states where such an alliance might be replicated. Orestes Quercia is not a well-loved or admired figure in Sao Paulo politics. Twenty years ago, when Quercia was Governor, a group of Sao Paulo PMDB leaders became so disenchanted with his iron grip on the state party machinery and his alleged unethical conduct in office that they bolted the party and joined with disaffected PMDB members elsewhere to form a new party, the PSDB. These prominent renegades included (among others) former President Fernando Henrique Cardoso, former Sao Paulo Governors Mario Covas and Geraldo Alckmin, and Jose Serra. The defection of so much political talent is one reason the Sao Paulo PMDB remains weak to this day. Nonetheless, Quercia's move turns Kassab from an also-ran -- he has been languishing well behind Suplicy and Alckmin in the polls -- into a serious contender for Sao Paulo mayor. Defeating the popular Suplicy in October would create an additional hurdle to Lula's and the PT's 2010 ambitions. End Comment.

¶19. (U) This cable was coordinated with and cleared by Embassy Brasilia.

WHITE